

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AREA CODE 515 RELIEF PLAN	DOCKET NO. SPU-99-22
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SECOND ORDER ALLOCATING BOARD EXPENSES

(Issued October 4, 2001)

On July 31, 2001, the Utilities Board (Board) issued an "Order Allocating Board Expenses" in this docket for expenses associated with the proceeding regarding area code 515 relief. The order outlined the method used by the Board for the allocation of costs to seven identified participants.

On August 30, 2001, the Board received comments from AT&T Communications of the Midwest, Inc. and TCG-Omaha ("AT&T") regarding its July 31, 2001, order. AT&T requested the Board reconsider its July 31, 2001, order on the grounds that the Board's cost allocation for this proceeding is inappropriate as it uses a carrier's total state revenues in its calculations, which appears to penalize companies with long distance revenues.

On August 31, 2001, the Board received from U.S. Cellular, a response to its order of July 31, 2001, or alternatively, a request for reconsideration. U.S. Cellular asserts that Iowa Code § 476.101(10) (2001), as applied to this proceeding, is in conflict with, and is therefore preempted by, Federal law. Specifically, U.S. Cellular claims that the Board's separate allocation methods for land-line carriers and

wireless carriers are presumptively non-neutral and therefore conflict with 47 U.S.C. § 251(e)(2), which provides that the costs shall be distributed equally by all carriers on a “competitively neutral basis.”

In the July 31, 2001, order, the Board allocated costs by using the most recent (1999) Iowa revenues reported by each participant for purposes of the dual party relay assessment under § 477C.7. The Board acknowledged there were two adjustments that needed to be made to those revenues for purposes of allocation: first, the revenues had to be adjusted to reflect a single area code rather than statewide, and second, some of the participants in this proceeding, namely U.S. Cellular and Verizon Wireless, did not report revenues for dual party relay purposes, so a different allocation method was required.

The Board acknowledged that it did not have access to revenue figures by area code for the multi-area code participants, and therefore assumed, for purposes of this allocation, that one-third of each company’s reported revenues was associated with the 515 area code. The Board then reduced each of these participants’ reported revenues by two-thirds to determine their allocated costs.

The Board also acknowledged that it did not receive reports from the cellular service providers of this proceeding, U.S. Cellular and Verizon Wireless, regarding their Iowa revenues or their revenues from customers in the original 515 area code. Absent this revenue information, the Board could not employ the allocation method previously used for land-line carriers. Therefore, the Board assessed the wireless

companies a one-seventh share of the costs and expenses of the proceeding, based upon the seven assessable participants in the proceeding.

The Board found the resulting allocations were reasonable. The allocations for land-line carriers and wireless carriers were determined differently, but each were determined on a competitively neutral basis consistent with 47 U.S.C. § 251(e)(2). The Board also recognized that the allocation of costs and expenses associated with this proceeding was based on certain assumptions. Therefore, the Board invited those participants for which the Board did not have revenue figures to submit figures that they believed the Board should consider. Neither AT&T's nor U.S. Cellular's filings contain any additional information regarding revenue figures which would cause the Board to reconsider its initial allocation. U.S. Cellular has not shown that its low revenue figures would produce an allocation of less than one-seventh of the costs of these proceedings. AT&T has not shown that its local service revenues would produce a better cost allocation for this proceeding; the benefits of area code relief affect all telecommunications users, so it is appropriate to spread the costs of this proceeding as widely as possible. The Board has considered the concerns of AT&T and U.S. Cellular and, after a review of the allocation methods, finds that such methods were competitively neutral and were not in conflict with 47 U.S.C. § 251(e)(2).

IT IS THEREFORE ORDERED:

1. The comments and request for reconsideration filed on August 30, 2001, by AT&T Communications of the Midwest, Inc., and TCG-Omaha are denied.

2. The response and alternatively the request for reconsideration filed on August 31, 2001, by U.S. Cellular are denied.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Mark O. Lambert

Dated at Des Moines, Iowa, this 4th day of October, 2001.